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TAGS: [ECON](#) [EFIN](#) [PGOV](#) [SA](#)
SUBJECT: PRINCE WALEED BIN TALAL ON BUSINESS AND SOCIAL

REFORMS

Classified By: DCM David Rundell for reasons 1.4 (d) and (e).

¶1. (C) Summary: In a tour d'horizon with Congressman Alan Grayson (D-FL) on June 28, Prince Al-Waleed Bin Talal expounded on his business philosophy and belief in social reform in the Kingdom. Al-Waleed believes in investing for the long-term. He claimed his royal lineage is more a handicap than an advantage in his business affairs. He has faith in the U.S. economy, but worries whether President Obama is taking on too many demanding tasks at the same time. He said King Abdullah supports his efforts to loosen the conservative strictures that affect women and social interaction in the Kingdom. End summary.

¶2. (C) Congressman Alan Grayson met with Saudi multi-billionaire HRH Prince Al-Waleed Bin Talal Bin Abdul Aziz on June 28 in the Prince's office in Kingdom Tower (NB: A 99-story skyscraper he built in the center of Riyadh that is the country's tallest building). Scheduled for one hour, the meeting turned into a two-hour tour d'horizon with Al-Waleed recounting with relish and in detail his business philosophy, encounters with various heads of state, and efforts to introduce social reforms into the Kingdom.

NO SILVER SPOON

¶3. (C) The Prince asserted that his royal lineage is more a hindrance than an advantage. Some bankers are loath to lend to Saudi royals and their businesses, because they fear they would never prevail in court in case of a default. His every action is scrutinized by the press and the conservative religious establishment. He went bankrupt twice early in his business career. He described how the only financial assistance he received from his father was the gift of a house worth \$2 million, which he quickly mortgaged to fund his third and successful attempt to launch a business enterprise. Al-Waleed has two children. He said they will not carry on the business when he retires.

LONG-TERM, BLUE CHIP INVESTMENTS

¶4. (C) Al-Waleed said his business strategy consists of investing in blue chip global companies for the long-term. He likened his business philosophy to that of Warren Buffet, who happens to be a close friend. This approach to business fits well with the Saudi Government's strong preference for cautious economic policies. He warned fellow Saudis of the impending collapse of the Saudi stock market in 2006, but few heeded him. Al-Waleed stressed that he rejects out of hand the predilection of some investors to dismantle firms they acquire for short-term, immediate profits. He seemed particularly proud of his investments in NewsCorps, the Four Seasons, and "strategic hotels" like International Plaza in New York, and the George V in Paris. Al-Waleed said his

investments average yearly returns ranging between 20-30 percent and that his debt to asset ratio will drop from 30% to 18% by 2013.

U.S. ECONOMY

15. (C) The Prince expressed faith in the dollar while acknowledging that the Saudi riyal - U.S. dollar peg (3.75 SAR per USD since 1986) might have to be adjusted. The U.S. debt to GDP ratio might rise to as high as 85 percent, but the U.S. economy is more "resilient" than the economies of Japan or Europe. Al-Waleed greatly admires President Obama but wondered whether the president might be taking on too many issues at the same time.

KING'S ALTER EGO?

16. (C) Al-Waleed relished relating his run-ins with the Kingdom's religious conservatives. He was involved with the first public showings of films in the Kingdom in many years. His wife has openly requested that women be allowed to drive. He supports French President Sarkozy's campaign against women wearing coverings hiding their faces. Brandishing a heavily marked copy of a book in Arabic entitled "The Hijab of the Muslim Woman," he argued forcefully that the full hijab was a tribal, not a Muslim custom, which he deemed demeaning. Since he is the greatest philanthropist and mosque builder in the Kingdom, religious conservatives have little basis to stigmatize him as irreligious. Al-Waleed asserted that his efforts to loosen social restrictions enjoy the full, if only tacit, support of the King.

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17. (U) Congressman Grayon did not have the opportunity to clear this message.
ERDMAN